



General Assembly

January Session, 2005

Raised Bill No. 1213

LCO No. 4031

04031_____ED_

Referred to Committee on Education

Introduced by:
(ED)

***AN ACT CONCERNING THE EDUCATION COST SHARING GRANTS
AND THE FUNDING OF THE GRANTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (9) of section 10-262f of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2005*):

4 (9) "Foundation" means (A) for the fiscal year ending June 30, 1990,
5 three thousand nine hundred eighteen dollars, (B) for the fiscal year
6 ending June 30, 1991, four thousand one hundred ninety-two dollars,
7 (C) for the fiscal year ending June 30, 1992, four thousand four
8 hundred eighty-six dollars, (D) for the fiscal years ending June 30,
9 1993, June 30, 1994, and June 30, 1995, four thousand eight hundred
10 dollars, (E) for the fiscal years ending June 30, 1996, June 30, 1997, and
11 June 30, 1998, five thousand seven hundred eleven dollars, (F) for the
12 fiscal year ending June 30, 1999, five thousand seven hundred seventy-
13 five dollars, [and] (G) for the fiscal years ending June 30, 2000, to June
14 30, 2005, inclusive, five thousand eight hundred ninety-one dollars, (H)
15 for the fiscal year ending June 30, 2006, six thousand sixty-eight
16 dollars, and (I) for the fiscal year ending June 30, 2007, and each fiscal

17 year thereafter, the amount for the prior fiscal year increased by the
18 percentage increase, if any, in the most recent calendar year average in
19 the consumer price index for urban consumers.

20 Sec. 2. Section 10-262f of the general statutes is amended by adding
21 subdivisions (33) and (34) as follows (*Effective July 1, 2005*):

22 (NEW) (33) "Regular education expenditure" means a town's total
23 grant under section 10-262h of the general statutes, as amended by this
24 act, for the fiscal year ending June 30, 1995, divided by its base revenue
25 for said fiscal year, the total of which is multiplied by the town's grant
26 under said section 10-262h for the fiscal year ending June 30, 2004.

27 (NEW) (34) "Local effort" means a town's regular program
28 expenditure less the amount of the grant to the town under section 10-
29 262h of the general statutes, as amended by this act, that is for regular
30 education expenditures, plus the town's local share of expenditures for
31 special education, plus the town's local share of expenditures for
32 transportation, the total of which is divided by the town's adjusted
33 equalized net grand list.

34 Sec. 3. Subdivision (6) of section 10-262h of the general statutes is
35 repealed and the following is substituted in lieu thereof (*Effective July*
36 *1, 2005*):

37 (6) For the fiscal year ending June 30, 1996, and each fiscal year
38 thereafter, a grant in an amount equal to the amount of its target aid as
39 described in subdivision (32) of section 10-262f except that such
40 amount shall be capped in accordance with the following: (A) For the
41 fiscal years ending June 30, 1996, June 30, 1997, June 30, 1998, and June
42 30, 1999, for each town, the maximum percentage increase over its
43 previous year's base revenue shall be the product of five per cent and
44 the ratio of the wealth of the town ranked one hundred fifty-third
45 when all towns are ranked in descending order to each town's wealth,
46 provided no town shall receive an increase greater than five per cent.
47 (B) For the fiscal years ending June 30, 2000, June 30, 2001, June 30,

48 2002, June 30, 2003, and June 30, 2004, for each town, the maximum
49 percentage increase over its previous year's base revenue shall be the
50 product of six per cent and the ratio of the wealth of the town ranked
51 one hundred fifty-third when all towns are ranked in descending order
52 to each town's wealth, provided no town shall receive an increase
53 greater than six per cent. (C) No such cap shall be used for the fiscal
54 year ending June 30, 2005, or any fiscal year thereafter. (D) For the
55 fiscal year ending June 30, 1996, for each town, the maximum
56 percentage reduction from its previous year's base revenue shall be
57 equal to the product of three per cent and the ratio of each town's
58 wealth to the wealth of the town ranked seventeenth when all towns
59 are ranked in descending order, provided no town's grant shall be
60 reduced by more than three per cent. (E) For the fiscal years ending
61 June 30, 1997, June 30, 1998, and June 30, 1999, for each town, the
62 maximum percentage reduction from its previous year's base revenue
63 shall be equal to the product of five per cent and the ratio of each
64 town's wealth to the wealth of the town ranked seventeenth when all
65 towns are ranked in descending order, provided no town's grant shall
66 be reduced by more than five per cent. (F) For the fiscal year ending
67 June 30, 2000, and each fiscal year thereafter, no town's grant shall be
68 less than the grant it received for the prior fiscal year. (G) For each
69 fiscal year, except for the fiscal year ending June 30, 2004, in addition
70 to the amount determined pursuant to this subdivision, a town shall be
71 eligible for a density supplement if the density of the town is greater
72 than the average density of all towns in the state. The density
73 supplement shall be determined by multiplying the density aid ratio of
74 the town by the foundation level and the town's total need students for
75 the prior fiscal year provided, for the fiscal year ending June 30, 2000,
76 and each fiscal year thereafter, no town's density supplement shall be
77 less than the density supplement such town received for the prior
78 fiscal year. (H) For the fiscal year ending June 30, 1997, the grant
79 determined in accordance with this subdivision for a town ranked one
80 to forty-two when all towns are ranked in descending order according
81 to town wealth shall be further reduced by one and two-hundredths of

82 a per cent and such grant for all other towns shall be further reduced
83 by fifty-six-hundredths of a per cent. (I) For the fiscal year ending June
84 30, 1998, and each fiscal year thereafter, no town whose school district
85 is a priority school district shall receive a grant pursuant to this
86 subdivision in an amount that is less than the amount received under
87 such grant for the prior fiscal year. (J) For the fiscal year ending June
88 30, 2000, and each fiscal year through the fiscal year ending June 30,
89 2003, no town whose school district is a priority school district shall
90 receive a grant pursuant to this subdivision that provides an amount of
91 aid per resident student that is less than the amount of aid per resident
92 student provided under the grant received for the prior fiscal year. (K)
93 For the fiscal year ending June 30, 1998, and each fiscal year thereafter,
94 no town whose school district is a priority school district shall receive a
95 grant pursuant to this subdivision in an amount that is less than
96 seventy per cent of the sum of (i) the product of a town's base aid ratio,
97 the foundation level and the town's total need students for the fiscal
98 year prior to the year in which the grant is to be paid, (ii) the product
99 of a town's supplemental aid ratio, the foundation level and the sum of
100 the portion of its total need students count described in subparagraphs
101 (B) and (C) of subdivision (25) of section 10-262f for the fiscal year
102 prior to the fiscal year in which the grant is to be paid, and the
103 adjustments to its resident student count described in subdivision (22)
104 of said section 10-262f relative to length of school year and summer
105 school sessions, and (iii) the town's regional bonus. (L) For the fiscal
106 year ending June 30, 2000, and each fiscal year thereafter, no town
107 whose school district is a transitional school district shall receive a
108 grant pursuant to this subdivision in an amount that is less than forty
109 per cent of the sum of (i) the product of a town's base aid ratio, the
110 foundation level and the town's total need students for the fiscal year
111 prior to the fiscal year in which the grant is to be paid, (ii) the product
112 of a town's supplemental aid ratio, the foundation level and the sum of
113 the portion of its total need students count described in subparagraphs
114 (B) and (C) of subdivision (25) of section 10-262f for the fiscal year
115 prior to the fiscal year in which the grant is to be paid, and the

116 adjustments to its resident student count described in subdivision (22)
117 of said section 10-262f relative to length of school year and summer
118 school sessions, and (iii) the town's regional bonus. (M) For the fiscal
119 year ending June 30, 2002, (i) each town whose target aid is capped
120 pursuant to this subdivision shall receive a grant that includes a pro
121 rata share of twenty-five million dollars based on the difference
122 between its target aid and the amount of the grant determined with the
123 cap, and (ii) all towns shall receive a grant that is at least 1.68 per cent
124 greater than the grant they received for the fiscal year ending June 30,
125 2001. (N) For the fiscal year ending June 30, 2003, (i) each town whose
126 target aid is capped pursuant to this subdivision shall receive a pro
127 rata share of fifty million dollars based on the difference between its
128 target aid and the amount of the grant determined with the cap, and
129 (ii) each town shall receive a grant that is at least 1.2 per cent more
130 than its base revenue, as defined in subdivision (28) of section 10-262f.
131 (O) For the fiscal year ending June 30, 2003, each town shall receive a
132 grant that is at least equal to the grant it received for the prior fiscal
133 year. (P) For the fiscal year ending June 30, 2004, (i) each town whose
134 target aid is capped pursuant to this subdivision shall receive a grant
135 that includes a pro rata share of fifty million dollars based on the
136 difference between its target aid and the amount of the grant
137 determined with the cap, (ii) each town's grant including the cap
138 supplement shall be reduced by three per cent, (iii) the towns of
139 Bridgeport, Hartford and New Haven shall each receive a grant that is
140 equal to the grant such towns received for the prior fiscal year plus one
141 million dollars, (iv) those towns described in clause (i) of this
142 subparagraph shall receive a grant that includes a pro rata share of
143 three million dollars based on the same pro rata basis as used in said
144 clause (i), (v) towns whose school districts are priority school districts
145 pursuant to subsection (a) of section 10-266p or transitional school
146 districts pursuant to section 10-263c or who are eligible for grants
147 under section 10-276a or 10-263d for the fiscal years ending June 30,
148 2002, to June 30, 2004, inclusive, shall receive grants that are at least
149 equal to the grants they received for the prior fiscal year, (vi) towns not

150 receiving funds under clause (iii) of this subparagraph shall receive a
 151 pro rata share of any remaining funds based on their grant determined
 152 under this subparagraph. (Q) For the fiscal year ending June 30, 2005,
 153 (i) no town shall receive a grant pursuant to this subparagraph in an
 154 amount that is less than sixty per cent of the amount determined
 155 pursuant to the previous subparagraphs of this subdivision, (ii)
 156 notwithstanding the provisions of subparagraph (B) of this
 157 subdivision, each town shall receive a grant that is equal to the amount
 158 the town received for the prior fiscal year increased by twenty-three
 159 and twenty-seven hundredths per cent of the difference between the
 160 grant amount calculated pursuant to this subdivision and the amount
 161 the town received for the prior fiscal year, (iii) no town whose school
 162 district is a priority school district pursuant to subsection (a) of section
 163 10-266p shall receive a grant pursuant to this subdivision that is less
 164 than three hundred seventy dollars per resident student, and (iv) each
 165 town shall receive a grant that is at least the greater of the amount of
 166 the grant it received for the fiscal year ending June 30, 2003, or the
 167 amount of the grant it received for the fiscal year ending June 30, 2004,
 168 increased by seven hundredths per cent, except that the town of
 169 Winchester shall not receive less than its fixed entitlement for the fiscal
 170 year ending June 30, 2003. (R) For the fiscal year ending June 30, 2006,
 171 and each fiscal year thereafter, no town ranked one to six, inclusive,
 172 when all towns are ranked in ascending order according to local effort
 173 shall receive a grant greater than it received for the fiscal year ending
 174 June 30, 2005.

175 Sec. 4. Subdivisions (6) and (7) of subsection (a) of section 12-700 of
 176 the general statutes are repealed and the following is substituted in
 177 lieu thereof (*Effective from passage and applicable to taxable years*
 178 *commencing on or after January 1, 2005*):

179 (6) For taxable years commencing on or after January 1, 2003, but
 180 prior to January 1, 2005, in accordance with the following schedule:

181 (A) For any person who files a return under the federal income tax

182 for such taxable year as an unmarried individual or as a married
183 individual filing separately:

T1	Connecticut Taxable Income	Rate of Tax
T2	Not over \$10,000	3.0%
T3	Over \$10,000	\$300.00, plus 5.0% of the
T4		excess over \$10,000

184 (B) For any person who files a return under the federal income tax
185 for such taxable year as a head of household, as defined in Section 2(b)
186 of the Internal Revenue Code:

T5	Connecticut Taxable Income	Rate of Tax
T6	Not over \$16,000	3.0%
T7	Over \$16,000	\$480.00, plus 5.0% of the
T8		excess over \$16,000

187 (C) For any husband and wife who file a return under the federal
188 income tax for such taxable year as married individuals filing jointly or
189 any person who files a return under the federal income tax for such
190 taxable year as a surviving spouse, as defined in Section 2(a) of the
191 Internal Revenue Code:

T9	Connecticut Taxable Income	Rate of Tax
T10	Not over \$20,000	3.0%
T11	Over \$20,000	\$600.00, plus 5.0% of the
T12		excess over \$20,000

192 (D) For trusts or estates, the rate of tax shall be 5.0% of the
193 Connecticut taxable income.

194 (7) For taxable years commencing on or after January 1, 2005, in
195 accordance with the following schedule:

196 (A) For any person who files a return under the federal income tax

197 for such taxable year as an unmarried individual and for trusts or
 198 estates:

T13	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T14	<u>Not over \$10,000</u>	<u>3.0%</u>
T15	<u>Over \$10,000 but not over</u>	<u>\$300.00, plus 5.0% of the</u>
T16	<u>\$265,000</u>	<u>excess over \$10,000</u>
T17	<u>Over \$265,000 but not over</u>	<u>\$13,075, plus 5.5% of the</u>
T18	<u>\$531,500</u>	<u>excess over \$265,500</u>
T19	<u>Over \$531,500</u>	<u>\$27,705, plus 6.0% of the</u>
T20		<u>excess over \$531,500</u>

199 (B) For any person who files a return under the federal income tax
 200 for such taxable year as a head of household, as defined in Section 2(b)
 201 of the Internal Revenue Code:

T21	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T22	<u>Not over \$16,000</u>	<u>3.0%</u>
T23	<u>Over \$16,000 but not over</u>	<u>\$480.00, plus 5.0% of the</u>
T24	<u>\$396,000</u>	<u>excess over \$16,000</u>
T25	<u>Over \$396,000 but not over</u>	<u>\$19,480, plus 5.5% of the</u>
T26	<u>\$792,000</u>	<u>excess over \$396,000</u>
T27	<u>Over \$792,000</u>	<u>\$41,260, plus 6.0% of the</u>
T28		<u>excess over \$792,000</u>

202 (C) For any husband and wife who file a return under the federal
 203 income tax for such taxable year as married individuals filing jointly or
 204 any person who files a return under the federal income tax for such
 205 taxable year as a surviving spouse, as defined in Section 2(a) of the
 206 Internal Revenue Code:

T29	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T30	<u>Not over \$20,000</u>	<u>3.0%</u>
T31	<u>Over \$20,000 but not over</u>	<u>\$600.00, plus 5.0% of the</u>

T32	<u>\$500,000</u>	<u>excess over \$20,000</u>
T33	<u>Over \$500,000 but not over</u>	<u>\$24,600, plus 5.5% of the</u>
T34	<u>\$1,000,000</u>	<u>excess over \$500,000</u>
T35	<u>Over \$1,000,000</u>	<u>\$52,100, plus 6.0% of the</u>
T36		<u>excess over \$1,000,000</u>

207 (D) For any person who files a return under the federal income tax
 208 for such taxable year as a married individual filing separately:

T37	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T38	<u>Not over \$10,000</u>	<u>3.0%</u>
T39	<u>Over \$10,000 but not over</u>	<u>\$300.00, plus 5.0% of the</u>
T40	<u>\$250,000</u>	<u>excess over \$10,000</u>
T41	<u>Over \$250,000 but not over</u>	<u>\$12,300, plus 5.5% of the</u>
T42	<u>\$500,000</u>	<u>excess over \$250,000</u>
T43	<u>Over \$500,000</u>	<u>\$26,050, plus 6.0% of the</u>
T44		<u>excess over \$500,000</u>

209 ~~[(7)]~~ (8) The provisions of this subsection shall apply to resident
 210 trusts and estates and, wherever reference is made in this subsection to
 211 residents of this state, such reference shall be construed to include
 212 resident trusts and estates, provided any reference to a resident's
 213 Connecticut adjusted gross income derived from sources without this
 214 state or to a resident's Connecticut adjusted gross income shall be
 215 construed, in the case of a resident trust or estate, to mean the resident
 216 trust or estate's Connecticut taxable income derived from sources
 217 without this state and the resident trust or estate's Connecticut taxable
 218 income, respectively.

219 Sec. 5. (*Effective from passage*) The Commissioner of Revenue Services
 220 shall adjust the withholding tables issued for purposes of
 221 administering the personal income tax imposed under chapter 229 of
 222 the general statutes to take account of any changes in such tax made
 223 pursuant to subdivisions (6) and (7) of subsection (a) of section 12-700
 224 as amended by this act and, on or before June 1, 2005, shall issue new

225 withholding tables applicable to taxable years commencing on or after
 226 January 1, 2005, provided the tables applicable to the period from the
 227 effective date of this section to December 31, 2005, shall provide for the
 228 collection of a tax computed in such manner as to result, so far as
 229 practicable, in withholding from the employee's wages during such
 230 period an amount substantially equivalent to the tax reasonably
 231 estimated to be due from the employee under said chapter 229 with
 232 respect to the amount of such wages during a twelve-month period
 233 and further provided the tables applicable to any period after January
 234 1, 2006, shall be prepared as provided in section 12-705 of the general
 235 statutes.

236 Sec. 6. (*Effective from passage*) Notwithstanding the provisions of
 237 section 12-722 of the general statutes, any taxpayer required to make
 238 an estimated payment in June, 2005 for the tax due under chapter 229
 239 of the general statutes shall make such payment in an amount which is
 240 adjusted for any change in the rate applicable to the current taxable
 241 year, as provided in section 12-700 of the general statutes, as amended
 242 by this act.

243 Sec. 7. (NEW) (*Effective from passage and applicable to taxable years*
 244 *commencing on or after January 1, 2005*) For the fiscal year ending June
 245 30, 2005, and each fiscal year thereafter, the Commissioner of Revenue
 246 Services shall segregate any increase in revenue with respect to taxable
 247 years commencing on or after January 1, 2005, attributable to the
 248 increase in rates of tax under subsection (a) of section 12-700 of the
 249 general statutes, as amended by this act. Such segregated funds shall
 250 be allocated by the Secretary of the Office of Policy and Management
 251 to the Department of Education in the amounts and for the purposes of
 252 funding the grants under section 10-262h of the general statutes, as
 253 amended by this act.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2005</i>	10-262f(9)
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Sec. 2	<i>July 1, 2005</i>	10-262f
Sec. 3	<i>July 1, 2005</i>	10-262h(6)
Sec. 4	<i>from passage and applicable to taxable years commencing on or after January 1, 2005</i>	12-700(a)(6) and (7)
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage and applicable to taxable years commencing on or after January 1, 2005</i>	New section

Statement of Purpose:

To amend the education cost sharing formula by increasing the foundation and linking future annual increases to the foundation to the consumer price index and by limiting the amount of grants received by towns with the least local taxing effort required to pay for education to their current grant and to fund the formula by raising revenue through an increase in the income tax on certain levels of income.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]